

Date 7/12/00 Reporter R. C. G.

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Philip D. Wright. My business address is PF.Net Network Services Corp.,
4133 Jasmine Court, Wichita, Kansas 67226 .

Q. WHAT IS YOUR POSITION WITH PF.NET NETWORK SERVICES CORP.?

A. I am Vice President-Legal of PF.Net.

Q. WHAT ARE YOUR RESPONSIBILITIES IN THAT CAPACITY?

A. As Vice President-Legal for PF.Net Network Services Corp., I am responsible for
directing the company's legal strategy on state and federal interexchange carrier issues
and other telecommunications regulatory matters.

**Q. PLEASE DESCRIBE YOUR BACKGROUND AND PREVIOUS PROFESSIONAL
EXPERIENCE.**

A. I am a graduate of Knox College, where I received a Bachelors of Arts degree, and of the
Washburn University, where I received a law degree. I started my legal career in 1976,
when I joined Koch Industries, Inc. as a pipeline acquisitions attorney. From 1980 to
January 1998, I served as Manager of the Rights-of-Way Department at Koch Industries.
In that position, I oversaw the activities of that Department, including rights-of-way
acquisition, record administration and all legal duties relating to those activities. I have
served PF.Net Network Services Corp. and its predecessor company, PF.Net, LLC in my
present capacity since January 1999.

1 Q. ARE YOU FAMILIAR WITH THE PETITION THAT WAS SUBMITTED BY
2 PF.NET, LLC AND PF.NET NETWORK SERVICES CORP. TO THE
3 COMMISSION SEEKING AUTHORITY TO COMPLETE A PRO FORMA
4 CORPORATE REORGANIZATION AND FOR PF.NET NETWORK SERVICES
5 CORP. TO PROVIDE INTEREXCHANGE SERVICE?

6 A. Yes, I am.

7 Q. DO YOU RATIFY AND CONFIRM THAT THE STATEMENTS THAT ARE
8 MADE IN THAT PETITION ARE TRUE AND CORRECT TO THE BEST OF
9 YOUR INFORMATION, KNOWLEDGE AND BELIEF?

10 A. Yes, I do.

11 II. PURPOSE AND SUMMARY

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

13 A. I submit this testimony on behalf of PF.Net Network Services Corp. to explain the
14 services PF.Net Network Services Corp. proposes to offer in Illinois and to demonstrate
15 that the name change and *pro forma* reorganization serves the public interest.

16 Q. PLEASE SUMMARIZE THE MAIN POINTS OF YOUR TESTIMONY.

17 A. My testimony will address several major issues:

- 18 ● a description of the Petition of PF.Net, LLC and PF. Net Network Services Corp.
19 for Cancellation and Reissuance of Certificates of Service Authority to Provide
20 Interexchange Services Within the State of Illinois ("Joint Petition");
- 21 ● a description of PF.Net Network Services Corp.'s managerial, financial and
22 technical qualifications;

- 1 ● a demonstration that the transaction did not adversely affect Illinois consumers,
2 prices or network design;
- 3 ● a demonstration that the grant of the Application of PF.Net Network Services
4 Corp. for authority to provide interexchange service is consistent with the public
5 interest.

6 **Q. PLEASE DESCRIBE THE APPROVAL THAT THE APPLICANTS SEEK FROM**
7 **THE COMMISSION.**

8 **A.** Pursuant to a Certificate of Service Authority ("CSA") issued on August 25, 1999 in
9 Docket Number 99-0348, PF.Net, LLC is authorized by the Commission to provide
10 resold interexchange telecommunications services in Illinois. As part of a *pro forma*
11 corporate reorganization, PF.Net, LLC filed before the Office of the Delaware Secretary
12 of State, on September 28, 1999, a Certificate of Conversion, changing PF.Net, LLC, a
13 limited liability company, to PF.Net Holdings, Limited, a Delaware corporation.
14 Subsequently, on October 25, 1999, PF.Net Holdings, Limited, filed a Certificate of
15 Amendment changing its name to PF.Net Network Services Corp. The Joint Applicants
16 have determined that the changes in name and corporate form from PF.Net, LLC to
17 PF.Net Network Services Corp. will be a valuable step in implementing PF.Net's
18 ongoing business plan to provide telecommunications services.

19 The changes detailed above are strictly *pro forma* in nature. In addition, PF.Net,
20 LLC is not yet providing services to customers in the State of Illinois. Thus, the changes
21 will in no way inconvenience or cause harm to consumers in Illinois.

1 Applicants respectfully request that the Commission: (1) issue a new certificate
2 of service authority identical to that currently held by PF.Net, LLC to PF.Net Network
3 Services Corp. and (2) cancel PF.Net, LLC's certificate of Service authority, in
4 connection with the *pro forma* corporate reorganization of the companies.

5 **Q. HAS PF.NET BEEN AUTHORIZED TO PROVIDE SUCH SERVICE IN**
6 **ANY OTHER JURISDICTIONS?**

7 **A.** Yes. PF.Net is authorized to provide facilities-based interexchange
8 telecommunications service in Alabama, Florida, Illinois, Kansas, Mississippi,
9 Missouri, Oregon and Texas. In addition, PF.Net has applications for such
10 authority pending in Arizona, Arkansas, Georgia, Louisiana, New Mexico, North
11 Carolina, Oklahoma and South Carolina. In addition, PF.Net Network Services
12 Corp.'s wholly-owned affiliate, PF.Net Virginia Corp., also has an application to
13 provide facilities-based interexchange telecommunications services pending in the
14 Commonwealth of Virginia. PF.Net intends to continue to operate in those states.
15 PF.Net is in the process of seeking authorization or has obtained authorization for
16 the transaction where required by these states.

17 **Q. PLEASE DESCRIBE PF.NET NETWORK SERVICES CORP.'S CORPORATE**
18 **STRUCTURE.**

19 **A.** PF.Net Network Services Corp. is a corporation organized under the laws of the State of
20 Delaware. PF.Net Network Services Corp. is a wholly-owned subsidiary of PF.Net
21 Corp., a corporation organized under the laws of the State of Delaware, which in turn is a
22 wholly-owned subsidiary of PF.Net Communications, Inc., a Delaware corporation.

1 PF.Net Network Services Corp.'s Certificate of Incorporation was attached to its
2 application as Exhibit 2.

3 **III. MANAGERIAL AND TECHNICAL QUALIFICATIONS**

4 **Q. IS PF.NET NETWORK SERVICES CORP. LEGALLY AUTHORIZED TO DO**
5 **BUSINESS IN ILLINOIS?**

6 **A.** PF.Net Network Services Corp. is legally authorized to do business in the State of Illinois
7 as demonstrated by its Certificate of Authority to Transact Business in the State of
8 Illinois, which was attached as Exhibit 2 to its application.

9 **Q. PLEASE ADDRESS PF.NET NETWORK SERVICES CORP.'S MANAGERIAL**
10 **AND TECHNICAL QUALIFICATIONS.**

11 **A.** PF.Net Network Services Corp.'s operations will be overseen by a management team
12 possessing the managerial skills and technical expertise necessary to execute its business
13 plan and provide the telecommunications services specified in its application. Further
14 information regarding the substantial expertise of PF.Net Network Services Corp. was
15 provided at Exhibit 3 of the application.

16 **IV. FINANCIAL QUALIFICATIONS**

17 **Q. PLEASE DESCRIBE PF.NET NETWORK SERVICES CORP.'S FINANCIAL**
18 **QUALIFICATIONS.**

19 **A.** PF.Net Network Services Corp. is financially qualified to provide telecommunications
20 services in the State of Illinois. In particular, PF.Net has access to the financing and
21 capital necessary to provide the intrastate telecommunication services specified in the
22 Application. PF.Net will also rely on its ultimate corporate parent, PF.Net

1 Communications, Inc. for financial support. PF.Net Communications, Inc. will provide
2 any and all financing and working capital necessary to fulfill any obligations PF.Net may
3 undertake with respect to the operations and maintenance of its proposed facilities and
4 service offerings detailed in its application. In addition, the audited financial statements
5 of PF.Net Communications, Inc. were filed, under seal, with PF.Net Network Services
6 Corp.'s application as Exhibit 5.

7 **V. PF.NET NETWORK SERVICES CORP.'S PROPOSED SERVICES**

8 **Q. PLEASE DESCRIBE THE TYPES OF SERVICES THAT PF.NET**
9 **NETWORK SERVICES CORP. WILL OFFER IN ILLINOIS.**

10 **A.** PF.Net Network Services Corp. intends to provide the same high quality, affordable
11 telecommunications services in Illinois that PF.Net, LLC is currently authorized to
12 provide. PF.Net Network Services Corp. is prepared to provide service consistent with
13 all the terms and conditions set forth in the certification issued by this Commission to
14 PF.Net, LLC . Specifically, PF.Net Network Services Corp. intends to construct a
15 facilities-based dedicated and private line fiber optic communications infrastructure that
16 will be leased to communications carriers and large corporate/government customers on a
17 point-to-point basis for high-bandwidth, secure voice and data networks. PF.Net
18 Network Services Corp. may later expand its offerings to include a full range of retail
19 offerings, including, but not limited to, direct dialed (1+) switched service, as market
20 conditions and opportunities develop. PF.Net Network Services Corp. will offer its
21 services pursuant to tariff on a non-discriminatory basis. The proposed services will be
22 available on a full-time basis, 24 hours a day, seven days a week.

1 **Q. WHAT GEOGRAPHIC AREAS WILL PF.NET NETWORK SERVICES SERVE?**

2 **A. PF.Net, LLC was previously authorized to provide interexchange services throughout**
3 **Illinois. PF.Net Network Services Corp. seeks identical authority to that held by PF.Net,**
4 **LLC.**

5 **VI. WAIVERS**

6 **Q. BY REQUESTING A CERTIFICATE IDENTICAL TO THAT HELD BY PF.NET,**
7 **LLC, PF.NET NETWORK SERVICES CORP. HAS REQUESTED WAIVERS OF**
8 **CERTAIN PROVISIONS OF THE ILLINOIS ADMINISTRATIVE CODE. WHAT**
9 **IS THE BASIS FOR THESE REQUESTS?**

10 **A. The Commission in other cases has found that it is not necessary to apply certain**
11 **regulatory provisions to competitive service providers and has exempted competitive**
12 **carriers from the application of these provisions. In the Commission's Order granting**
13 **PF.Net, LLC a CSA, the Commission granted PF.Net, LLC a waiver of certain portions**
14 **of the Illinois Administrative Code. In doing so, the Commission found that such**
15 **waivers are appropriate because they reduce the economic burdens of regulation and are**
16 **not inconsistent with the law or the purposes and policies of Article XIII of the Act.**
17 **Because PF.Net Network Services Corp. now intends to replace PF.Net, LLC as the**
18 **entity providing service to Illinois consumers, PF.Net Network Services Corp.**
19 **respectfully requests that it be granted waivers identical to those provided to PF.Net,**
20 **LLC.**

1 **VII. PUBLIC INTEREST CONSIDERATIONS**

2 **Q. PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED**
3 **WITH PF.NET NETWORK SERVICES CORP.'S PROPOSED OFFERING OF**
4 **TELECOMMUNICATIONS SERVICES IN ILLINOIS.**

5 **A.** The proposed reorganization of PF.Net serves the public interest in promoting
6 competition among interexchange telecommunications carriers by providing PF.Net
7 Network Services Corp. the opportunity to strengthen PF.Net's positions in the
8 competitive telecommunications marketplace. The transaction invigorates competition
9 by enabling PF.Net Network Services Corp. to implement its marketing and business plan
10 more effectively by combining additional financial and technical resources. Applicants
11 believe that this *pro forma* reorganization will result in a company better equipped to
12 accelerate its growth as a competitive telecommunications service provider. The
13 transaction, therefore, ensures that PF.Net Network Services Corp. will provide high
14 quality and innovative telecommunications services and further competition in the Illinois
15 telecommunications service market. In sum, the proposed name change and *pro forma*
16 reorganization benefits the public interest by enhancing the ability of PF.Net Network
17 Services Corp. to offer competitively priced services to Illinois customers in the Illinois
18 interexchange marketplace.

19 **VIII. CONCLUSION**

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 **A.** Yes, it does.